

NEW APPLICATION

ORIGINAL



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BEFORE THE ARIZONA CORPORATION COMMISSION
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COMMISSIONERS

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2009 APR 17 P 4:01

AZ CORP COMMISSION
DOCKET CONTROL

W-01732A-09-0182

IN THE MATTER OF THE APPLICATION OF
WILLOW VALLEY WATER CO., INC FOR
FINANCING APPROVAL IN CONNECTION
WITH THE AMERICAN RECOVERY AND
REINVESTMENT ACT OF 2009.

DOCKET NO.: W-01732A-09-

Arizona Corporation Commission

APPLICATION

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I. Introduction.

1. Willow Valley Water Co., Inc. ("Willow Valley") submits this application for authority under A.R.S. § 40-301 et seq. to borrow \$435,000 from the Water Infrastructure Authority of Arizona ("WIFA") in conjunction with the American Recovery and Reinvestment Act of 2009 ("ARRA"), P.L. No. 111-5, 123 Stat. 115 (Feb. 17, 2009).

2. The purpose of Congress, in enacting the ARRA, was to "preserve and create jobs and promote economic recovery", to "assist those most impacted by the recession" and to "invest in... environmental protection, and other infrastructure that will provide long-term economic benefits." ARRA § 3.

3. As the Commission is aware, Arizona has been deeply impacted by the extraordinary financial and economic situation. Thus, it is critical to move quickly to obtain stimulus funds and to put those funds to work creating jobs and stimulating the economy. The Commission has taken a leading role in promoting access to stimulus funds by public service corporations, and in creating an accelerated process to review and approve ARRA-related financing applications.

4. If the financing is approved, Willow Valley will use the funds for a meter replacement program. Willow Valley's meters are currently out-dated. The meters will be

1 replaced by modern meters that will allow remote readings by radio. Using modern meters will
2 ensure accurate measurement of the water used by customers, reducing lost and unaccounted for
3 water and promoting water conservation by ensuring that customers are aware of their water use
4 and receive appropriate price signals based on that use. In addition, the remote reading feature will
5 eliminate the need for meter readers to drive around Willow Valley's service area reading meters,
6 thus reducing carbon emissions and fuel usage. Further, as many of Willow Valley's meters are
7 installed in rear yards of our customers, the installation of the new meters will eliminate the
8 requirement for Willow Valley staff to access private property to read meters.

9 5. The meter replacement project is anticipated to create 4 jobs for 6 months.

10 **II. Information about Willow Valley.**

11 6. Willow Valley is an Arizona public service corporation authorized to provide
12 service within portions of Mohave County, Arizona. Willow Valley received its CC&N from the
13 Commission in Decision No. 34869 (Nov. 20, 1963), Decision No. 55434 (Feb. 12, 1987), and
14 Decision No. 68610 (March 23, 2006).

15 7. Willow Valley provided service to 1,588 customers as of March 31, 2009.

16 8. Willow Valley's management contact is:

17
18 Mr. Graham Symmonds
19 Senior Vice President
20 Global Water Management
21 21410 North 19th Avenue, Suite 201
22 Phoenix, Arizona 85027

23 9. Willow Valley's attorneys are:

24 Roshka DeWulf & Patten, PLC
25 One Arizona Center
26 400 East Van Buren Street, Suite 800
27 Phoenix, Arizona 85004
(602) 256-6100

1 All data requests or other requests for information should be directed to:

2 Michael W. Patten
3 Timothy J. Sabo
4 Roshka DeWulf & Patten, PLC
5 One Arizona Center
6 400 East Van Buren Street, Suite 800
7 Phoenix, Arizona 85004

8 With a copy to:

9 Mr. Graham Symmonds
10 Senior Vice President
11 Global Water Management
12 21410 North 19th Avenue, Suite 201
13 Phoenix, Arizona 85027

14 10. A certificate of good standing for Willow Valley is attached as Exhibit 1.

15 11. Willow Valley's customers receive water service subject under the rates and charges
16 for utility service approved by the Commission in Decision No.63612 (April 27, 2001).

17 12. Willow Valley currently has a general rate case pending as Docket No. W-01732A-
18 09-0079.

19 13. Willow Valley is currently in compliance with all requirements of the Commission,
20 ADEQ and ADWR.

21 **III. Proposed financing.**

22 14. The proposed loan amount is \$435,000. However, \$140,000 of principal will be
23 forgiven. The interest rate will be WIFA's standard interest rate. The lender is WIFA.

24 15. The proposed financing is currently Project No. 12 on the WIFA Drinking Water
25 Project ARRA Priority List. A copy of the priority list is attached as Exhibit 2. The meter
26 replacement project is WIFA Project No. DW 177-2009.

27 16. The loan term is anticipated to be 20 years.

IV. Willow Valley's Financial Capacity.

17 17. Willow Valley's unaudited financial statements for the year ending December 31,
18 2008 are attached as Exhibit 3.

19 18. Attached as Exhibit 4 is a calculation of Willow Valley's projected TIER and DSC
20 if the proposed financing is approved. The TIER is projected to be (6.29) and the DSC is projected

1 to be 0.39. Exhibit 4 also shows the projected TIER and DSC if Willow Valley's general rate
2 application is approved. In that case, the TIER is projected to be 14.06, while the DSC is projected
3 to be 10.53. The proposed loan will be financially sound, especially when the Applicant's pending
4 general rate case is considered.

5 **V. Statutory standards**

6 19. Under A.R.S. § 40-301.C, the Commission may approve a financing application if it
7 finds that the financing is:

- 8 • For lawful purposes which are within the corporate powers of the applicant;
- 9 • Compatible with the public interest;
- 10 • Compatible with sound financial practices;
- 11 • Compatible and with the proper performance by the applicant of service as a public
12 service corporation; and
- 13 • That the financing "will not impair its ability to perform" its public service.

14 20. The proposed financing satisfies these statutory standards. Willow Valley is an
15 Arizona business corporation, and thus has the power to enter into loans under A.R.S. § 10-302.
16 The financing is in the public interest because it will provide environmental and economic benefits,
17 as described above. The financing is compatible with sound financial practices due to the low
18 interest rate and the projected DSC and TIER considering the proposed rate increase. The projects
19 will increase Willow Valley's efficiency and capability, and it is therefore compatible with, and
20 will not impair, Willow Valley's duties as a public service corporation.

21 21. Under A.R.S. § 40-302.A, except as permitted by the Commission, the purposes of
22 the loan should not be, wholly or in part, reasonably chargeable to operative expenses or to income.
23 Willow Valley states that the purposes of the loan will not be, wholly or in part, reasonably
24 chargeable to operative expenses or to income.

25 **VI. Notice.**

26 22. Notice consistent with that approved by Staff in recent cases will be published in a
27 newspaper in circulation in Willow Valley's service area.

23. Proof of publication will be provided when available.

WHEREFORE, Willow Valley requests that the Commission issue an Order:

1. Approving this Application;

2. Authorizing Willow Valley to have at any one time outstanding in 2009 or thereafter, long-term indebtedness (including current maturities thereof) in an aggregate principal amount of \$435,000;

3. Permitting through such authorization any redemptions, refinancings, refundings, renewals, reissuances and rollovers of any such outstanding indebtedness, as well as the incurrence or issuance of any additional long-term indebtedness, and the amendment or revision of any terms or provisions of or relating to any long-term indebtedness, so long as total long-term indebtedness at any one time outstanding does not exceed the levels set forth in 2. above;

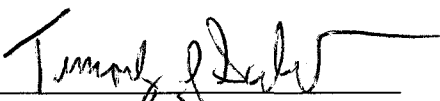
4. Authorizing the execution, delivery and performance by Willow Valley of all contracts, agreements, and other instruments which are incidental to any or all of the foregoing or otherwise deemed by Willow Valley to be necessary, desirable or appropriate in connection therewith;

5. Ordering that the Order be deemed effective upon issuance; and

6. Granting any other relief that the Commission determines to be appropriate and in the public interest at this time.

RESPECTFULLY SUBMITTED this 17th day of April 2009

ROSHKA, DEWULF & PATTEN

By 

Michael W. Patten
Timothy J. Sabo
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, AZ 85004

Original and 13 copies of the foregoing
filed this 17th day of April 2009 with:

Docket Control
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007

Copy of the foregoing hand-delivered/mailed
this 17th day of April 2009 to:

Lyn Farmer, Esq.
Chief Administrative Law Judge
Hearing Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007

Janice Alward, Esq.
Chief Counsel, Legal Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007

Ernest G. Johnson, Esq.
Director, Utilities Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007

By Debbie Amarel

EXHIBIT

"1"

STATE OF ARIZONA



Office of the
CORPORATION COMMISSION
CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Michael P. Kearns, Interim Executive Director of the Arizona Corporation Commission, do hereby certify that

*****WILLOW VALLEY WATER CO., INC.*****

a domestic corporation organized under the laws of the State of Arizona, did incorporate on June 2, 1960.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 17th Day of April, 2009, A. D.




Interim Executive Director

Order Number: 336544

EXHIBIT

"2"

Water Infrastructure Finance Authority
American Reinvestment and Recovery Act of 2009 (ARRA)

Drinking Water Project Loans Subsidized Under ARRA
Prepared Date: 4/17/2009

Note: The projects in the list below will be required to submit a Project Finance Application and will be subject to a full loan analysis which includes verification of legal, managerial, financial and technical capacity. A loan will not be approved if the applicant is unable to meet all loan and ARRA requirements and is unable to meet the construction commencement date provided in the application. As a result of this analysis information and projects on this list may change.

1. Project Priority List - Projects within the ARRA capitalization grant amount: \$55,340,000.00 * Anticipated twenty (20) year loan term.												
Community Name	Project Description	Construction		Est. Jobs	Requested Amount	Type of Financial Assistance	ARRA Funded	WIFA Funded	Adjusted Loan Amount	Combined Interest and Fee Rate (Standard or Reduced)	Green Project	Comments
		Commencement	Completion									
1. SoHi Domestic Water Improvement District	Supplemental Water source Interconnect Construction	6/15/2009	6 Months	12	\$800,000.00	Loan/Principal Forgiveness	\$560,000.00	\$240,000.00	\$240,000.00	Standard	No	Under Review
2. Holiday Hills DWID	Holiday Hills Improvement Project	6/15/2009	12 Months	40	\$200,000.00	Loan/Principal Forgiveness	\$140,000.00	\$60,000.00	\$60,000.00	Standard	Yes	Under Review
3. Maricopa Domestic Water Improvement District	Well No.5 Arsenic Treatment System	1/18/2009	12 Months	5	\$928,430.00	Loan/Principal Forgiveness	\$649,901.00	\$278,529.00	\$278,529.00	Standard	No	Under Review
4. Mt. Tipton Water Co. Inc.	Well , Pump and Spring Project	1/28/2009	12 Months	2	\$140,000.00	Loan/Principal Forgiveness	\$126,000.00	\$14,000.00	\$14,000.00	Standard	Yes	Under Review
5. Highland Pines Domestic Water Improvement District	Water Main Replacement Project	6/1/2009		50	\$650,000.00	Loan/Principal Forgiveness	\$520,000.00	\$130,000.00	\$130,000.00	Standard	Yes	Under Review
6. Pineview Water Company	Gravity Flow System Project	7/1/2003	6 Months	5	\$141,988.18	Loan/Principal Forgiveness	\$113,590.54	\$28,398.18	\$28,398.18	Standard	Yes	Under Review
7. Groom Creek Water Users Association	GCWUA Water System Improvements	5/30/2009	24 Months	25	\$1,600,000.00	Loan/Principal Forgiveness	\$800,000.00	\$800,000.00	\$800,000.00	Standard	Yes	Under Review
8. Arizona American Water	Tubac Arsenic Removal	6/15/2009	12 Months	15	\$2,300,000.00	Loan/Principal Forgiveness	\$1,150,000.00	\$1,150,000.00	\$1,150,000.00	Standard	Yes	Under Review
9. Taylor, Town of	Security Fencing of Sweetwater & Hole In The Hill Well	6/15/2009	12 Months	5	\$110,000.00	Loan/Principal Forgiveness	\$44,000.00	\$66,000.00	\$66,000.00	Standard	No	Under Review
10. Rim Trail Domestic Water Improvement District	Rim Trail Surface Water Filtration Plant Replacement and Water Plan	4/17/2009	12 Months	12	\$145,000.00	Loan/Principal Forgiveness	\$116,000.00	\$29,000.00	\$29,000.00	Standard	Yes	Under Review
11. El Mirage, City of	Cottonwood Water Line Replacement	5/24/2009	12 Months	8	\$350,000.00	Loan/Principal Forgiveness	\$210,000.00	\$140,000.00	\$140,000.00	Standard	Yes	Under Review
12. Willow Valley Water Company	Meter Replacement Program	5/1/2009	6 Months	2	\$350,000.00	Loan/Principal Forgiveness	\$140,000.00	\$210,000.00	\$210,000.00	Standard	Yes	Under Review
13. Payson, Town of	Payson Cragin Surface Water Project Phase I	3/1/2009	36 Months	100	\$10,585,000.00	Loan/Principal Forgiveness	\$4,000,000.00	\$6,585,000.00	\$6,585,000.00	Standard	Yes	Under Review

Community Name	Project Description	Construction		Est. Jobs	Requested Amount	Type of Financial Assistance	ARRA Funded	WIFA Funded	Adjusted Loan Amount	Combined Interest and Fee Rate (Standard or Reduced)	Green Project	Comments
14. Flagstaff, City of	Stimulus - Sinegua Well Connection & Well Building Expansion	6/15/2009	6 Months	30	\$775,000.00	Loan/Principal Forgiveness	\$542,500.00	\$232,500.00	\$232,500.00	Standard	Yes \$542,500.00	Under Review
15. Eloy, City of	Eloy's North Toltec Water Distribution Improvements	6/12/2009		30	\$4,000,000.00	Loan/Principal Forgiveness	\$2,800,000.00	\$1,200,000.00	\$1,200,000.00	Standard	No	Under Review
16. Prescott, City of	Zone 39 Water Mains, Pump Station & Water Tank	4/6/2009	36 Months	200	\$8,998,096.00	Loan/Principal Forgiveness	\$4,000,000.00	\$4,998,096.00	\$4,998,096.00	Standard	Yes \$4,000,000.00	Under Review
17. Prescott, City of	Airport Zone North and South Loops Water Mains	5/15/2009	12 Months	75	\$3,591,880.00	Loan/Principal Forgiveness	\$2,155,128.00	\$1,436,752.00	\$1,436,752.00	Standard	Yes \$2,155,128.00	Under Review
18. Valencia Water Company	Evergreen 2 Well Site Construction	9/1/2008	12 Months	3	\$4,200,000.00	Loan/Principal Forgiveness	\$1,680,000.00	\$2,520,000.00	\$2,520,000.00	Standard	Yes \$1,680,000.00	Under Review
19. Pine Creek Canyon Domestic Water Improvement District	PCCDWID Water Supply Augmentation and Emergency Power	4/17/2009	24 Months	25	\$625,000.00	Loan/Principal Forgiveness	\$312,500.00	\$312,500.00	\$312,500.00	Standard	Yes \$312,500.00	Under Review
20. Tempe Water Utilities Department, City of	Western Canal Water Line	5/1/2009	12 Months	88	\$4,400,000.00	Loan/Principal Forgiveness	\$2,200,000.00	\$2,200,000.00	\$2,200,000.00	Standard	Yes \$2,200,000.00	Under Review
21. Mesa, City of	Redrill Old Downtown Well	6/15/2009	6 Months	20	\$1,000,000.00	Loan/Principal Forgiveness	\$500,000.00	\$500,000.00	\$500,000.00	Standard	Yes \$500,000.00	Under Review
22. Phoenix, City of	Citywide Automatic Meter Reading Installation	6/1/2009	12 Months	10	\$8,000,000.00	Loan/Principal Forgiveness	\$3,200,000.00	\$4,800,000.00	\$4,800,000.00	Standard	Yes \$3,200,000.00	Under Review
23. Sahuarita Water Company, LLC	SWC Arsenic Treatment Plant	5/4/2009	6 Months	20	\$4,700,000.00	Loan/Principal Forgiveness	\$1,880,000.00	\$2,820,000.00	\$2,820,000.00	Standard	No	Under Review
24. Water Utility of Greater Tonopah	Full SCADA Deployment and Re-Instrumentation	6/1/2009		8	\$1,500,000.00	Loan/Reduced CFRR	\$1,200,000.00	\$300,000.00		2.000%	Yes \$1,200,000.00	Under Review
25. Peoria, City of	24-inch waterlines- Beardsley Road & 91st Avenue	4/30/2009	12 Months	34	\$8,484,203.00	Loan/Reduced CFRR	\$6,787,362.40	\$1,696,840.60		2.000%	No	Under Review
26. El Mirage, City of	Dysart at Thunderbird Water Line Extension	5/24/2009	12 Months	8	\$498,000.00	Loan/Reduced CFRR	\$398,400.00	\$99,600.00		1.500%	Yes \$398,400.00	Under Review
27. Prescott Valley, Town of	Water System Improvements 2.0 Million Gallon Water Storage Tank-Stoneridge	5/1/2009	6 Months	20	\$2,500,000.00	Loan/Reduced CFRR	\$2,000,000.00	\$500,000.00		1.500%	No	Under Review
28. Mesa, City of	Replacement of Aging Water Lines in Downtown Mesa	6/1/2009		35	\$1,430,000.00	Loan/Reduced CFRR	\$1,144,000.00	\$286,000.00		2.000%	Yes \$1,144,000.00	Under Review
29. Tempe Water Utilities Department, City of	J.G. Martinez Water Treatment Plant Upgrades - Gravity Plate Settlers / Gravity Thickeners	4/1/2009	12 Months	262	\$15,090,000.00	Loan/Reduced CFRR	\$12,072,000.00	\$3,018,000.00		2.000%	Yes \$12,072,000.00	Under Review
30. Holbrook, City of	Rehabilitation of 3 water storage tanks	3/1/2009	12 Months	6	\$700,000.00	Loan/Reduced CFRR	\$560,000.00	\$140,000.00		1.500%	No	Under Review
31. Santa Cruz Water Company	Solar	5/15/2009	12 Months	4	\$3,500,000.00	Loan/Reduced CFRR	\$2,800,000.00	\$700,000.00		2.000%	Yes \$2,800,000.00	Under Review
32. Phoenix, City of	Water Main Replacement Hope VI Project Area	3/30/2009	12 Months	17	\$2,000,000.00	Loan/Reduced CFRR	\$1,600,000.00	\$400,000.00		2.000%	Yes \$1,600,000.00	Under Review
TOTALS					\$94,292,597.18		\$56,401,381.94	\$37,891,215.00	\$30,750,775.00		\$40,040,118.00	

EXHIBIT

"3"

Water Utility of Greater Tonopah
Income Statement - Proposed Rates
Year Ending December 31, 2008

	Adjusted With Rate Increase
Revenues	
Metered Water Sales	\$ 947,302
Water Sales - Unmetered	-
Other Operating Revenue	25,453
Total Operating Revenues	<u>\$ 972,755</u>
Operating Expenses	
601 Salary and Wages - Employees	\$ 226,369
604 Employee Pensions and Benefits	50,965
610 Purchased Water	-
615 Purchased Power	33,567
616 Fuel for Power Production	-
618 Chemicals	18,049
620 Materials and Supplies	18,697
620.08 Materials and Supplies	41,492
635 Contractual Services - Testing	5,401
636 Contractual Services - Other	12,787
641 Rental of Building/Real Property	9,185
642 Rental of Equipment	-
650 Transportation Expenses	13,076
657 Insurance - General Liability	5,119
659 Insurance - Other	1,072
660 Advertising Expense	-
667 Rate Case Expense	5,333
670 Bad Debt Expense	9,728
675 Miscellaneous Expenses	10,257
403 Depreciation Expense	185,697
408 Taxes Other Than Income	140
408.11 Taxes Other Than Income - Property Taxes	-
408.13 Taxes Other Than Income - Other Taxes and Licenses	-
409 Income Taxes	117,814
Total Operating Expenses	<u>\$ 764,747</u>
Utility Operating Income (Loss)	\$ 208,008
414 Gains (Losses) from Disp of Util Prop	\$ -
419 Interest and Dividend Income	779
427 Interest Expense	(13,333)
Total Other Income and Deductions	<u>\$ (12,554)</u>
Net Income (Loss)	<u>\$ 195,454</u>

Willow Valley Water Company

Balance Sheet

Year Ending December 31, 2008

	Current Year Ended 12/31/2008	Prior Year Ended 12/31/2007
Assets		
131 Cash and cash equivalents	\$ 22,221	\$ 1,500
132 Special Deposits	29,367	28,478
141 Customer Accounts Receivable	20,856	39,841
142 Other Accounts Receivable	-	350
143 Accumulated Provision for Uncollectible Accounts	(5,040)	(1,977)
151 Plant Material and Supplies	10,776	16,668
162 Prepayments	4,573	5,029
125 Other Investments	20,744	20,588
173 Accrued utility revenue	5,150	2,691
Total Current Assets	<u>\$ 108,647</u>	<u>\$ 113,168</u>
Total Utility Plant in Service	\$ 4,016,880	\$ 2,318,956
105 Construction work-in-progress	4,640	442,104
108 Less:Accumulated Depreciation	(1,228,190)	(1,101,279)
Total Fixed Assets (Net)	<u>\$ 2,793,330</u>	<u>\$ 1,659,781</u>
Deferred Debits		
114 Utility Plant Acquisition Adjustments	\$ 386,002	\$ 386,002
190 Accumulated Deferred Income Taxes	87,806	81,439
Total other assets	<u>\$ 473,808</u>	<u>\$ 467,441</u>
Total Assets	<u><u>\$ 3,375,785</u></u>	<u><u>\$ 2,240,390</u></u>
Liabilities and Stockholders' Equity		
231 Accounts payable	\$ 22,519	\$ 28,136
232 Notes Payable	16,800	14,824
233 Accounts Payable to Associated Companies	-	-
235 Customer Deposits	6,985	6,800
236 Accrued Taxes	(32,702)	11,045
237 Accrued Interest	1,394	1,421
241 Miscellaneous Current and Accrued Liabilities	9,580	41,261
253 Other Deferred Credits	15,354	19,605
Total Current Liabilities	<u>\$ 39,930</u>	<u>\$ 123,092</u>
224 Other Long-Term Debt	\$ 211,153	\$ 229,034
Total Long-Term Liabilities	<u>\$ 211,153</u>	<u>\$ 229,034</u>
252 Advances for Construction	\$ 618,488	\$ 628,825
Total Deferred Credits and Other Liabilities	<u>\$ 618,488</u>	<u>\$ 628,825</u>
Total Liabilities and Deferred Credits	<u>\$ 869,571</u>	<u>\$ 980,951</u>
201 Common Stock Issued	\$ -	\$ -
211 Othe Paid-In Capital	2,612,791	1,249,148
215 Unappropriated Retained Earnings	(106,577)	5,543
215 Current year net income	-	4,748
Total Members' Equity	<u>\$ 2,506,214</u>	<u>\$ 1,259,439</u>
Total Liabilities and Stockholders' Equity	<u><u>\$ 3,375,785</u></u>	<u><u>\$ 2,240,390</u></u>

Willow Valley Water Company
Income Statement
Year Ending December 31, 2008

	Current Year Ended 12/31/2008	Prior Year Ended 12/31/2007
Operating Revenues		
461 Metered Water Revenue	\$ 449,436	\$ 475,593
465 Sales to Irrigation Customers	12,987	13,017
471 Miscellaneous Service Revenues	19,743	20,959
472 Rents from Water Property	-	-
474 Other Water Revenues	-	-
Total Operating Revenues	<u>\$ 482,166</u>	<u>\$ 509,569</u>
Operating Expenses		
601 Salary and Wages - Employees	\$ 248,567	\$ -
604 Employee Pensions and Benefits	55,580	-
610 Purchased Water	-	95
615 Purchased Power	33,979	37,730
616 Fuel for Power Production	-	517
618 Chemicals	18,274	17,602
620 Materials and Supplies	18,697	55,210
620.08 Materials and Supplies	41,440	-
634 Contractual Services - Management Fees	-	235,069
635 Contractual Services - Testing	5,401	6,931
636 Contractual Services - Other	12,770	11,347
641 Rental of Building/Real Property	9,185	-
642 Rental of Equipment	-	2,811
650 Transportation Expenses	12,699	-
657 Insurance - General Liability	5,119	-
659 Insurance - Other	1,058	-
660 Advertising Expense	578	-
667 Rate Case Expense	-	-
670 Bad Debt Expense	3,850	2,554
675 Miscellaneous Expenses	9,936	3,588
403 Depreciation Expense	126,911	87,973
408.10 Taxes Other Than Income - Util Reg Assess Fee	2,620	730
408.11 Taxes Other Than Income - Property Taxes	21,324	23,616
408.13 Taxes Other Than Income - Other Taxes and Licenses	-	450
409 Income Taxes	(41,507)	2,985
Total Operating Expenses	<u>\$ 586,481</u>	<u>\$ 489,208</u>
Operating Income / (Loss)	<u>\$ (104,315)</u>	<u>\$ 20,361</u>
OTHER INCOME / (EXPENSE)		
414 Gains (Losses) from Disposition of Utility Property	\$ -	\$ 7,447
419 Interest and Dividend Income	779	4,315
427 Interest Expense	(13,333)	(27,376)
Total Other Income / (Expense)	<u>\$ (12,554)</u>	<u>\$ (15,614)</u>
NET INCOME / (LOSS)	<u>\$ (116,869)</u>	<u>\$ 4,747</u>

EXHIBIT

"4"

Willow Valley Water Company
 Debt Ratios
 Year Ending December 31, 2008

		12/31/2008	Pro Forma	Pro Forma With Proposed Rate Increase
1	Operating Income	\$ (104,315)	\$ (104,315)	\$ 208,008
2	Depreciation & Amortization	\$ 126,911	\$ 126,911	\$ 185,697
3	Income Tax Expense	\$ (41,507)	\$ (41,507)	\$ 117,814
4	Interest Expense	\$ 13,012	\$ 23,172	\$ 23,172
5	Repayment of Principal	\$ 15,905	\$ 25,398	\$ 25,398
TIER [1 + 3] / [4]		(11.21)	(6.29)	14.06
DSC [1 + 2 + 3] / [4 + 5]		(0.65)	(0.39)	10.53